

City of Coral Gables

*405 Biltmore Way
Coral Gables, FL 33134
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Meeting Minutes

Tuesday, July 13, 2010

2:00 PM

Budget Workshop

City Hall, Commission Chambers

City Commission

*Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael "Ralph" Cabrera, Jr.
Commissioner Wayne "Chip" Withers*

*Patrick G. Salerno, City Manager
Elizabeth M. Hernandez, City Attorney
Walter J. Foeman, City Clerk*

The use of cell phones in the commission chambers is not permitted. Ringers must be set to silent mode to avoid disruption of proceedings.

ROLL CALL

Present: 5 - Mayor Slesnick II, Vice Mayor Kerdyk Jr., Commissioner Withers, Commissioner Anderson and Commissioner Cabrera Jr.

BUDGET WORKSHOP**RESOLUTION NO. 2010-135**

A.-1. 10-0570 A Resolution of the City Commission setting a proposed millage rate of 6.189 mills for the Fiscal Year 2010-2011.

A RESOLUTION OF THE CITY COMMISSION SETTING A PROPOSED MILLAGE RATE OF 6.189 MILLS FOR THE CITY OF CORAL GABLES, FLORIDA FOR FISCAL YEAR 2010-2011, DURING THE CITY MANAGER'S WORKSHOP OF JULY 13, 2010; SAID PROPOSED OPERATING MILLAGE RATE TO BE ADOPTED FOR PRELIMINARY DISCLOSURE TO THE MIAMI-DADE COUNTY PROPERTY APPRAISER FOR FISCAL YEAR 2010-2011.

A motion was made by Commissioner Withers, seconded by Commissioner Anderson, that this motion be adopted by Resolution Number 2010-135. The motion passed by the following vote:

Yea: 3 - Commissioner Anderson, Commissioner Withers and Mayor Slesnick II

Nay: 2 - Commissioner Cabrera, Jr. and Vice Mayor Kerdyk, Jr.

Mayor Slesnick: This is our annual Budget Workshop. The purpose of this Budget Workshop is two-fold - three-fold. OK. We are on. The subject of this Budget Workshop is three-fold; one will be to be presented with the proposed 2010-2011 Budget by the City Manager and his staff, secondly for Commissioners to ask any preliminary questions of the budget before going into the extended study session of the summer months, and thirdly for the Commission to adopt a rate for the millage to be published as the rate that - I wish that you will turn your cell phone off in here.

Commissioner Anderson: It is outside by the doors actually.

Audience Member: He said his wife is sick; he's worried about his wife.

Mayor Slesnick: I appreciate that; we worry about her too.

Commissioner Anderson: Put it on vibrate.

Mr. Volsky: [Inaudible - off mike]...That is as far as I'm concerned...

Mayor Slesnick: Mr. Volsky, please turn your cell phone off and/or put it on vibrate when you are in the Chambers. I'll appreciate that; the other Commissioners would appreciate that. Thank you. That's all we ask, we don't ask much. Thank you. The third thing that we are going to address is setting a millage rate for publication. This is not an adoption of a final millage rate; this is not the rate that the City Commission will necessarily agree on at the end of the budget process, it is a rate which we will set to be published for public comment and it's a rate that we cannot go above at the end of the day or end of the session, end of the budget process. Mr. Salerno.

City Manager Salerno: Thank you Mayor. I'm going to be very brief, not repeat anything. I think my budget message within the seven pages does a fair job in summary fashion explaining the budget, the other thing I'll add to that before Don walks you through the numbers is, I think it's important to recognize that these are hard times as we all know, uncertain times, and recognizing the Commission's desire to lower property taxes, this budget provides perhaps the largest reduction in property taxes that was not mandated by the legislature, certainly encouraged, in anybody's recollection. Certainly you'll have options to adjust that going forward, and Don can describe what's in the budget and what's not through his presentation, but I wanted to point out that one significant item, because I think sometimes people look at and focus on millage rates, and I think the focus here needs to be not on the rates per say, but the affect on revenues, and in this particular case the reduction, the substantial reduction in property taxes that will be from last year to the tune of approximately \$3 million dollars. So with that said, Don.

Mr. Nelson: Good afternoon Mayor, Vice Mayor, Commissioners, City Attorney, City Manager, City Clerk, members of the audience, again welcome to the 2010-2011 Workshop, a year goes quite fast and we are here back again, and it seems like we were just here. Let me begin. The 2010-2011 Budget Summary, the annual revenues are \$142,582,110; we have transfers from reserves of \$1.2 million dollars making total revenue of \$143 million dollars. To balance that of course, we have a balanced budget of expenditures. We have Operating Expenditures of \$127 million, Capital \$4.4 million, and debt service of \$6.9 million, making Operating Expenditures \$139 million; transfers to reserves \$4.7 million, for a total of \$143,782,427. What changed this budget? What were the significant revenue changes that affected this budget? We did have some increases as we just had today, the fee increase adjustments, and those reflected in here; the first one was development fees, an increase of \$629,000; Fire Protection Fee - this is the fee we adopted last year which is the \$50 fee; the

assessment values are going up, and that is \$450,000 increase in the fire protection fee. Electric Service Fees - that's what you pay on your Florida Power and Light bill, you have a Florida Utility Tax and a Franchise Tax that's increasing \$390,000. Property Tax-Delinquent Tax - as you know delinquencies are increasing, we actually are increasing this to \$300,000 to a total of \$600,000 on an annual basis that we are collecting from delinquent past year's Property Tax. Telecommunication Service Tax - that's from cell phones and telephone utility tax, up \$300,000. Parking Fines - this is parking citations that we issue out on the streets, \$165,000. Fire Inspection Permit Fees - we discussed that earlier today on a fee increase to fire inspections that the Fire Department makes, increase of \$137,000. Fire Protection Permits - this is for the permitting process for fire protection to buildings and sprinkler systems, increase of \$90,000; and Recreation Fees through activity not by rate increase is up \$79,000.

City Manager Salerno: Don, just going back briefly, on the fire protection fee that shows \$450,000, that is not the result of anything other than by putting it on the tax bill will have a greater collection rate, has no impact, the fee has not gone up, it's not applying to more people, it's just a collection - the collection rate will be 95 percent instead of 80 percent.

Mr. Nelson: Correct. We had budgeted this year \$1.5 million and that is increasing \$450,000 for the Fire Fee, because of placing it on the tax. Thank you. The significant revenue changes that decrease, which are more than the increases; the most significant as the City Manager mentioned is Property Tax, and you can see a \$3 million dollar decrease in Property Tax, the largest single decrease in Property Tax revenue to the city, we are down to \$68,205 million. Road Impact Fees - that's a one-time item that we had this year that we apply each year, it was through a grant, \$671,000 that will not be there next year. Decrease also in Franchise Fees - Electric Franchise Fees are down \$300,000; Investment Earnings are down \$270,000 and that's as a result of our Fund Balance decreasing, and of course interest rates are at an all time low, so the combination is a decrease of investment earnings to the city's unappropriated funds, the reserves. Franchise Fees-waste, this is commercial waste fees for commercial collection and rollouts, that is down, that activity has decreased \$215,000. Rentals and Concessions are down \$108,000, we have two properties that are vacant and one is the driver's license building that is vacating on Ponce, and the other is the flower shop. Evacuation Permits....

Commissioner Cabrera: Excuse me; I'm sorry Mr. Nelson, what's leaving?

Vice Mayor Kerdyk: The driver's license facility, why don't we put a senior citizens facility there?

Commissioner Cabrera: I heard about that yesterday. You know who told me?- the guy from Allegro Music who is now on S.W. Eighth Street. At one time we wanted to make it the trolley depot. I'm sorry Don.

Mr. Nelson: No, that's fine. If you want to ask, but they are planning to move out; they have given notice which is the driver's license on Ponce and of course Preston Scott relocating somebody in that.

Mayor Slesnick: When do you expect the departure of the driver's license?

Mr. Nelson: I believe it is October 1st.

City Manager Salerno: I believe they are gone.

Commissioner Cabrera: Yes, they are not there anymore; they are closed.

City Attorney Hernandez: The driver's license on Ponce?- they are gone?

Commissioner Cabrera: Yes, you can't get your driver's license renewed there. The closest place that you can go to is...no, not central shopping...

Mr. Nelson: Mall of the Americas? OK. Excavation Fees, this is through Public Works, is down \$101,000. Alarm User Permit Fees are down \$90,000. Concurrency Fees up in Building and Zoning is down \$78,000, and the Half Cent Sales Tax that we receive from the State of Florida is decreased to \$68,000, and emergency rescue services, even though we had a fee increase, our overall revenue because of the activity is down \$65,000. Storm Water Utility Grants there was a onetime of \$2.2 million dollars, and the Sanitary Sewer Grant, that was a onetime this year that we won't get next year, that's why the comparison from last year to this year; and then the Urban Areas Initiative Security Grant is also a one time, we receive that this year, not next year; and Other Revenues are down \$602,000. So we are down a total of \$9.7 million dollars, or net revenue of \$7.2.

Commissioner Cabrera: Mr. Nelson where does red light revenues fall into?

Mr. Nelson: That in the Other Revenues. We didn't itemize everything, there are a lot of other significant items that were small, but cumulatively and that is one of the ones that we did not budget for, we had to reduce that, and that is reflected in the decrease in Other Revenues, it wasn't specifically itemized.

Commissioner Cabrera: OK. So what includes Other Revenues?- red light cameras...

Mr. Nelson: Red light camera, activity from fees that we receive; I can go through the multitude of list of revenues that we receive, I can go...

Commissioner Cabrera: Alright - for the Budget Hearings, I'm going to ask you again, so maybe you can have that list for me.

Mr. Nelson: I will. I will. Actually when I go through this and then I have a listing of all the other revenues that I can show you.

Commissioner Withers: Hey Don, can I ask you. So just so I understand it. Of the \$9.7 million, approximately \$4 million is just non recurring revenue?

Mr. Nelson: Correct. Correct. Those are one time. As you can see they were grants and many one time items that we received in the current that we will not receive next year, and we appropriated those during the year. A lot of times we will bring forward to you, we'll receive a grant, we'll appropriate it, it will increase the budget, and then of course we will not receive that again.

Commissioner Withers: So, I'm assuming that \$4 million dollars will also drop on the expense side.

Mr. Nelson: Yes. Yes. OK. This is a comparison, this is really a good, where we were last year or current year 2009-2010, and 2010-2011, the Operating Budget is the Budget that we operate all the departments, and we had a Budget currently of \$132 million, we dropped that to \$127.6 million or \$4.3 million dollar decrease in our operating expenses, that's what really makes the city run in operating expenses. Of course, we have a Capital Budget of capital items, \$11.5 this year, proposed for next year \$4.4, and I'll go through the detail of what those are made up of by the \$7.1 million dollar decrease, and that's really where a lot of those one time large capital items I mentioned on the revenue side were in there this year. And debt services remaining the same at \$6.9 million dollars, no change in the debt service payment;

there is no plan to issue new debt for next year.

Vice Mayor Kerdyk: At the debt service requirements, how much are we paying down on principal this year?

Mr. Nelson: On principal of that...?

Vice Mayor Kerdyk: Yes, I mean, is it 20 percent, 40 percent?- because realistically that is going for the bottom line. How much?

Mr. Nelson: We are paying down \$6.9 million in principal and interest.

Vice Mayor Kerdyk: Right - right, I got that.

Mr. Nelson: We have \$16 million dollars outstanding of principal, \$16 million dollars right now; and of the principal portion we are paying down 8 percent per year. So we're scheduled, because I have it laddered, that we just had a maturity this year on our debt, and...

Vice Mayor Kerdyk: So 8 percent is \$550,000 a year of principal.

Mr. Nelson: Principal of the \$6.9 (million).

Vice Mayor Kerdyk: Right - \$550,000. Thank you.

Mr. Nelson: Next page - What were the significant changes in the expenditures?- what caused the decreases of expenditures, and of course salaries was a reduction of longevity and merit, we did include those; those are part of collective bargaining, so that is included in this budget; however we had salary deductions through reduction of number of personnel, \$1,077,000. Overtime is reduced \$282,000 to a new low of \$1,368,000 for the entire city, all departments. That is the lowest overtime figure that we've ever had. Employee Benefits - retirement is down \$1.8 million dollars, and I have another chart that shows the decrease in our funding for retirement, we are now at \$22.5 million dollars. FICA is down a hundred and nine as a result of salaries being reduced with less personnel, and then Workers Comp remains the same, no change in Workers Comp and health insurance is down because of less people, and we also had a reduction in our insurance rates, down \$353,000 for health insurance. Total personnel budget decrease, \$3.6 million dollar decrease, significant decrease in our

personnel cost. Operating Budget - these are all the various line items in the budget that we went through, every line item to decrease. You can see motor equipment, fleet replacement down \$243,000, even motor fuel, telephone service, equipment replacement, office equipment, each of these items was significantly reduced to meet operating needs still to keep the city running the most efficient way. Every department was very instrumental in reducing their expenditures, and then there were a few that increased, operating equipment additions of \$246,000, and lease equipment of \$337,000 is up because we are leasing some equipment as opposed to an outright purchase of equipment. Capital Projects - the Capital Projects as I mentioned on the first page is made up of these projects for 2010-2011. The public safety repairs to the building on 2801 Salzedo, \$1,325,000, for improvements to that building, is very much needed, it was built back in 1972. Miracle Mile marquee improvements, the marquee at the Miracle Mile Miracle Theater needs to be replaced, \$225,000. The warehouses out at 72nd Avenue, there is a requirement that we need to meet, there is a mandate that we have to repair warehouse number one and warehouse number three, for \$175,000 and \$60,000; and then the radio shop we are going to relocate it, which is in warehouse one and move it actually into the facilities of the automotive bays where it should be, and that's a \$200,000 relocation because it should not be in warehouse number one, in order to meet a mandate. And Parking Garage, which is the Merrick Parking Garage where Fritz and Franz is a \$45,000 improvement there to the metal grating; and the total Capital Improvement Budget of \$2,030,000; and then we also have our Roadway Improvement, which is from the Roadway Tax that we receive, \$797,000, that's dedicated for street improvements and paving, and Storm Water Improvements from a Storm Water Utility Fund to make sure that we have adequate drainage in the city, that is to continue that drainage program; and Sanitary Sewer Improvements of \$1.4 million dollars out of the Sanitary Sewer Fund for a total of \$4.4 million dollars Capital Improvement Investment in the city. The Retirement System - I mentioned a decrease in retirement funding. You can see a history going back to 2002, where we started funding to our present day has come quite a ways. There was a period there of \$24.8-\$24.3 million dollars, now it's down to \$22.5 (million), down \$1.8 million dollars, significant reduction that is for the 2010-2011 year. The next is the Employee Ten Year Comparison, and this is a great chart, it shows the transition from General Employees over to Police, and the Police have increased over the years, however they stayed steady at 183, Firefighters at 139, and General Employees, you can see reducing from 486 the current year down to 469 employees for a total of 791 employees this year compared to 808, a net decrease of 17 positions.

Commissioner Cabrera: OK, what is the current number though? I know firefighters are probably right at 139 currently.

Mr. Nelson: That's true.

Commissioner Cabrera: Full time positions?

Mr. Nelson: I believe we have 2 vacancies in the firefighters right now.

Commissioner Cabrera: OK, so you have 2 in Fire, so you are down to 137? Right, sir?

Mr. Nelson: I'm looking.

Commissioner Cabrera: Oh I'm sorry, I'm going to ask you about all of them.

Mr. Nelson: Go ahead.

Commissioner Cabrera: So, two vacancies in the Fire Department means we have 137?

Mr. Nelson: Yes.

Commissioner Cabrera: And, how many vacancies in general employees?

Mr. Nelson: In total we have 40 vacancies in the City. Right now, we have 40 vacancies.

Commissioner Cabrera: OK, so that puts us at 429, right?

Mr. Nelson: And of that, total vacancies, I have seven police officers, and when I ... The 40 is the total in the City, total vacancies.

Commissioner Cabrera: Total is 40.

Mr. Nelson: Total is 40.

Commissioner Cabrera: OK.

Mr. Nelson: And then I am going to give you the breakdown.

Commissioner Cabrera: OK.

Mr. Nelson: OK. And of the 40 which is total vacancies to date, right now, and that is not including, that is, it includes these positions: seven police officers, two fire lieutenants, and two firefighters, the rest are general employees.

City Manager Salerno: I believe it's nine police officers and two fire officers.

Mr. Nelson: Correct, so we have 11 of the 40 that are public safety.

Commissioner Cabrera: It's 11 on the public safety side.

Mr. Nelson: Correct. It's 29...

Commissioner Cabrera: OK, 29 would be on the general employee side?

Mr. Nelson: Correct, 29 general and 11 public safety positions are vacant right now.

Commissioner Cabrera: OK.

Mr. Nelson. OK, on to the value of a residence. This is a great chart that we started back in 2006, when Commissioner Withers asked about this back then, and I have been tracking it ever since and you can see the history of how the average assessed value of a residence occurs and we, this is the second year that it has dropped and there is no, we all know why, and it's \$555,686 a drop of fifteen thousand (15,000) or 2.7 percent drop in the average assessed value, still very strong considering we had a total deduction of seven percent overall on our values which I can talk about. How is our millage rate? You can also see we also tracked the history of our millage rate, and the current millage rate as we adopted this year October 1, for 2009-2010 is 5.895, and in this budget we have a range of 6.072 to 6.189. The 6.189 is the rollback rate. That is the rate that produces zero growth in revenue for property tax from this year to next year. That is called the rollback rate and normally in a rollback as the values go up, you rollback the millage rate, however, they still call it the rollback rate, but in decreasing property tax revenues, the millage rate goes up to produce the same revenue, that's why you see it's going from 5.895 to 5.189, which is the rollback rate

because our value is decreasing. You take the rollback rate however, and there is another requirement that once you calculate the rollback rate, that you need to reduce the rollback rate or increase it, by the Florida Personal Income Growth or decrease in the State of Florida. That's a requirement under this TRIM law that was adopted back in 2007-2008, that whatever the personal income of Florida, this is Florida wide - all cities and counties are going to be, are going to be governed by this. This is the first time in the history of doing this that the personal growth has decreased 1.89 percent. So, not only did we have to drop, the rollback rate dropped, but we had to take another reduction down to point, 6.072 to reflect the drop in the personal income growth in the State of Florida, and that's how the 6.072 rate was arrived at. So we have a range. The last page is the voting requirement, this is governed under TRIM and this is the range that this Commission is governed under which all elected, all cities and counties in the State are governed by to calculate a majority vote, a two-thirds vote and a unanimous vote, and there is a range of a three to five votes of the Commission, a maximum millage rate can only be adopted of 6.072.

Commissioner Anderson: Is that governing for today or for September?

Mr. Nelson: For September.

Commissioner Anderson: OK, just to clarify.

Mr. Nelson: Great question. Today, you can set any rate with three votes...

Commissioner Anderson: With majority, OK.

Mr. Nelson: ... and place that vote which has to be into the County by August, then of course that rate can only go down, but not increase. But today, your resolution requires three votes.

Commissioner Anderson: OK.

Mr. Nelson: This is only for September's hearings and then the... four out of five Commissioners can have a range from 6.073 to 6.679, and then five out of five, you can do whatever you want to.

Commissioner Withers: So, 6.189 would be a zero percent tax increase?

Mr. Nelson: Yes, and 6.189 would be a zero, there would be no advertised tax...

Commissioner Withers: Tax increase.

Mr. Nelson: Right. We would not advertise a tax increase, and of course, the bad part is, if we drop it down to 6.072, they don't tell, they don't require us to put a decrease in your taxes, it's just no tax increase.

Commissioner Anderson: So what will go out will be no tax increase?

Mr. Nelson: It will go as no tax increase on those...

Commissioner Withers: And that meets your budget notice?

Mr. Nelson: And that's meets our budget.

Commissioner Cabrera: Don, one page that you left out that historically has been included by the two previous City Managers was the pie chart showing how the possible millages breakdown.

Mr. Nelson: Yes, and I can tell you, I did the calculation and the way I calculated is... We don't know what the other cities, 35 cities in Dade County and what the County is going to do yet, so what I would do is, I took last year's final adopted rates for the year we are in right now, and I applied the rate of 6.072, and if everybody else stayed the same and we adopted that rate, we would be at 29 percent or 29 cents of every dollar is the City's share of the tax dollar and 29 cents is the County, 32 cents is the School Board and 3 cents is the State.

Commissioner Cabrera: Wow, so there is a...

Mr. Nelson: So 29 and 29, we will be... However, the County is talking about going to the rollback rate which would be higher than they are right now. So, that would push us down from that 29 cents for every dollar and the County would go up. So, that's how it is right now, given what the rates were.

Commissioner Anderson: Just your kind of educated guesstimation.

Mr. Nelson: Oh, what it would be, I don't...

Commissioner Anderson: No, no, no I am just saying you based, that based on a...

Mr. Nelson: No, I actually based that on established rates right now...

Commissioner Anderson: Right, educated...

Mr. Nelson: ... but that could change of course, so I didn't project what it might be.

Commissioner Anderson: No, no, yeah, I got you. I appreciate that.

Mr. Nelson: That was a [inaudible]...conservative route.

Vice Mayor Kerdyk: So Don, in this budget here, we have reserves of how much? Would you say 4.7, four point...

Mr. Nelson: We have as of...

Vice Mayor Kerdyk: As general operating funds reserved.

Mr. Nelson: General operating reserves in the General Fund as of September 30, 2009, we have four point eight million dollars (\$4,800,000), four point eight just in that fund, General Fund.

Vice Mayor Kerdyk: And do we see ourselves adding any this year?

Mr. Nelson: It is projected that it should stay right in line if not increasing our reserves because as I recorded the mid-year which was the March 31 report...

Vice Mayor Kerdyk: Right.

Mr. Nelson:...that our expenditures are below. We are doing excellent in maintaining our expenditures. There are few revenue areas that are not meeting, but overall, we are meeting the revenues in total.

Vice Mayor Kerdyk: Right.

Mr. Nelson: And so we actually should be saving expenditures, a budget to actual

expenditures, we should be adding a small amount at this time to the reserves of the General Fund that's projected now.

Vice Mayor Kerdyk: And then for other, our other areas, do we have reserves in those?- like the Parking fund and...

Mr. Nelson: We do have other...

Vice Mayor Kerdyk: And the reason I am saying this is that if we do have the unfortunate issue of a hurricane, do we have adequate reserves to get us through a situation like that? So maybe you can enlighten us about how many other reserves we may have that are in specific funds?

Mr. Nelson: Yes. We do have other funds of course, the General Fund being one of them. The Sanitary Sewer Fund, we have the Stormwater Fund and each of those have their own dedicated reserves for that specific purpose and therefore Capital Improvements to the Stormwater and the Sanitary Sewer and the Capital and so forth. And of course, this Commission can draw on those if it needs to be, but it is not recommended. Those funds should stay intact, they should be used for that purpose, and the General Fund is the one that we utilize in the event of a hurricane and that's why our goal is to build that fund up, not to decrease the General Fund.

Vice Mayor Kerdyk: So the answer to my question is, you don't have - how much we have in the other funds, or you do have them, or?

Mr. Nelson: I would...

Vice Mayor Kerdyk: ... to my question is, you can't utilize them, so it doesn't really matter.

City Attorney Hernandez: They are dedicated to that particular...

City Manager Salerno: They are dedicated. Stormwater Funds, you can't use those funds to pay for firefighters and police officers.

Vice Mayor Kerdyk: How about Parking?

City Manager Salerno: The Parking Fund there is, we take out, we take all the current

operating revenues...

Mr. Nelson: We do, Parking revenues...

City Manager Salerno:...and it comes into the General Fund.

Mr. Nelson: But we do transfer from the Parking the excess revenues derived from Parking, after we cover the... the other funds, we do not. We keep those funds for capital needs. The Parking is the only one with transferring...the other funds we have to subsidize from the General Fund like Granada Golf Course and Venetian Pool and those that don't make sufficient revenues, we have to subsidize.

City Manager Salerno: OK, I think what's worth adding there is had we not back in April of 2009, had we not implemented numerous measures to put into place...

Vice Mayor Kerdyk: Right.

City Manager Salerno:...we would have ended the year. What Don just talked about with a \$150,000 (one hundred fifty thousand dollars). That's how close we were to being... that's one thing. We took numerous actions that the Commission approved and other steps, and those actions produced the difference between the 4.8 and 150. Had we not done those things, you would have 150,000 today.

Vice Mayor Kerdyk: It's still very low, I mean, it's not high, it needs to get higher.

City Manager Salerno: It is still not adequate, no, but it's not 150,000...

Vice Mayor Kerdyk: Right.

City Manager Salerno:... because that's basically..

[Spoken off the microphone - laughter]

Vice Mayor Kerdyk: I will let you guys worry about that.

Commissioner Withers: That's what he normally does, doesn't he?

Commissioner Anderson: What's that?

Vice Mayor Kerdyk: [Laughter] Nothing, it's a joke on the side.

Commissioner Anderson: Can you say it louder for the camera?

Commissioner Withers: It's like the bills at the restaurant.

Mr. Nelson: Yes, and so, I am open for questions.

Commissioner Anderson: How are your red pencils?-are they still doing alright?

Mr. Nelson: I had to get three new ones, today.

Commissioner Anderson: Three new ones? OK, it's tough.

Mayor Slesnick: I mean I think that having gone through the budget message from the Manager and his efforts to both trim back expenses and raise some new revenues, Bill brought it up, you know it's kind of... It is obviously a very challenging period that we are still going through it. It didn't start this year and it isn't going to end this year, but it's one that I know that we are all concerned with, about how much can be cut back in expenses and I will say this, whether we all agree with the Manager's approach or what he has done, he has in fact trimmed the budget. I mean, this has not been a case where we have just looked to increase revenues, but we have asked the City's citizens to contribute their fair share and we have certainly looked to the employees over this last year to contribute a great portion of this year's cost to government so, I thank them for their contributions and their holding the fort and doing their jobs under stressful circumstances. I also thank the citizens for sticking with us and working together to make sure we have the money to do things like have the proper reserves and so forth, as well as being able to put services in the streets, which is our primary function. I know this is going to be a tough budget cycle for us to determine where we are going to end up with that, and I appreciate the budget Mr. Manager that you....giving us some changes, some I agree, some I may not agree with, but you certainly have given us some choices here to make effective decisions. I hope they are effective. I would also say as a matter of pride, that as we look around South Florida, I mean we could look further, we could look around Florida, we could look around the country, but I guess just South Florida would do, I really think that our actions last year and our actions during the year Mr. Manager have positioned us in a much better situation than many other municipalities if not, almost all. And, I would also say this,

for what it is worth that you know, the value of one's home, is not just the way taxes are set, it is also the biggest investment you may have in your life, and I think we are all proud that the values of Coral Gables residences have held stronger than almost everywhere else in South Florida; and I have to believe that the value of homes, are in great part to the way the streets look, the way the medians look, the way the trees are planted, the way the garbage is picked up, the way the Police and Fire respond, the way that our Public Service and Public Works employees interface with the public in doing their job and so forth. So, and the Parks and Recreational facilities that we provide to our citizens, etcetera, etcetera. So, I mean, that's my statement of pride in our City and what we are doing. It doesn't mean we have gotten any less hard of a function ahead of us, but...

Vice Mayor Kerdyk: Can I just ask one question...?

Mayor Slesnick: Yes.

Vice Mayor Kerdyk: And maybe the City Manager...I see in the budget you are taking out 30 jobs, and you are putting back in 17 jobs or 13 jobs, is that, did I read that correctly?

City Manager Salerno: That reduction is 17 reductions - 17 positions now.

Vice Mayor Kerdyk: Seventeen. And, could you explain where you are adding the jobs back, without...?

City Manager Salerno: In some cases... Thank you. In some cases they are in the same function, but we are, you know, this is a process of readjusting this organization to make it more responsive, so in some cases, we need different types of positions. You know, this hasn't been looked at, this has been a status quo type staffing, I am looking at all the departments, all the operations, and in those cases where we need different people, that's what we need to be doing, otherwise we will just repeat the same problems, we don't have enough folks in the right areas, so it's a combination. So we are cutting, we're you know, 30 positions and then we will be down a net 17. So we are not... the organization is shrinking and...

Vice Mayor Kerdyk: I think the question that I have is, you said that 30 people, those people are released?- or are they... some of them are being repositioned?

City Manager Salerno: Some are. As I said the difference is, you know, 17 aren't so that means... There are 30 positions eliminated and some of those positions you know, people are going to be able to compete for and so forth, it's an individual situation, you can't say how each of those are handled, but there are 30 positions that are being eliminated, that's it.

Vice Mayor Kerdyk: And so, you are redeploying some of those people in the positions that it's creating?

City Manager Salerno: Some would be.

Vice Mayor Kerdyk: It's not all new hires, in other words...

City Manager: No, no.

Vice Mayor Kerdyk: Just a follow-up, I agree with everything you said Mayor. You know, I also have the opportunity of looking at it from the other perspective where I see people hurting so much, I have never seen people in the city of Coral Gables hurt so much.

Commissioner Anderson: Yeah.

Vice Mayor Kerdyk: Not only from the perspective of the Downtown business community, but throughout the residential community themselves.

Commissioner Anderson: Right.

Vice Mayor Kerdyk: And I think we all share, we share the same emails for sure. I mean, everybody shares a lot of the same conversations with our residents, and it's extremely difficult to be in this situation here and to have to deal with the tax situation whatsoever, and you know, I feel for them and I know that a lot of people that never had a problem whatsoever meeting their mortgage obligations are having issues in the city of Coral Gables. We have had more foreclosures in the past six months or year than we have had in the previous 15 years, in the city. So, this is not an easy decision for anybody up here, and even though we do provide the best services and our residential communities' values, maintain it higher than any, and that's a good thing, and that I think says a lot for the way we run the government here, but there is a lot of ... and a lot of hurt ...

Commissioner Anderson: Sure.

Vice Mayor Kerdyk:...and that's... that I would take into consideration when I vote for the millage rate.

Commissioner Cabrera: Don, I just have a couple of quick questions.

Mr. Nelson: Yes.

Commissioner Cabrera: What's the percentage increase on the fire fee?

Mr. Nelson: The fire fee is not changing; it's still fifty dollars (\$50.00). What we did was, we charged \$50.00 to every residential unit.

Commissioner Cabrera: OK.

Mr. Nelson: The commercial is based on upon square footage. Those rates did not change from when we adopted it a year ago to today. The only difference is that our collection rate, the amount of money they were going to collect will be greater because it's going to go to the tax bill next year.

Commissioner Cabrera: So, it will be seventy-five dollars (\$75.00)?

Mr. Nelson: No, it will be... No, it's going to stay fifty dollars (\$50.00). What today...

Commissioner Anderson: The vehicle for collection isn't due...

Mr. Nelson: The fire fee is what we charge per resident, called the fire fee. Today, what I meant...

Commissioner Cabrera: It's been a stand alone; it's been a stand alone fee. You are going to incorporate it as part of the tax bill?

Don Nelson: Yes and it will stay \$50 that will not change.

Commissioner Cabrera: And what about waste fees?

Don Nelson: The waste fees are not going to change...\$685, there is no change in the budget for waste fees.

Commissioner Cabrera: Last question....how is the parking going to work? From what I saw parking hours are going to be extended or proposed to be extended to midnight Monday through Saturday, and then 9 a.m. to midnight on Sunday.

Don Nelson: That is correct, we are extending the on-street meter hours to include Sundays and extending the time from 10 p.m. now until midnight for Monday through Saturday. That is also equal to the city of Miami, city of South Miami, and Miami Beach are doing seven days a week until midnight.

Commissioner Cabrera: So Don is that your idea? (Laughs)

Mayor Slesnick: That's really nice (Laughs)

Commissioner Cabrera: I am just kidding, I am joking...I know you have a problem with that.

Mayor Slesnick: I do have a problem with that. I don't mind sharing the burden a little bit and the tax rolls versus driving people from downtown anymore than what we have to. Although I agree, it is a tradition of the cities that I go into Miami, Coconut Grove, South Beach twenty-four hours a day seven days a week, and I think that's horrible, but I've always been proud to say, despite the disruption, when we raised the hours or lengthen the hours to 10 p.m., that we still didn't go past 10 p.m., and we didn't do Sundays, or holidays.

Commissioner Cabrera: Holidays would also be charged?

City Manager Salerno: No

Commissioner Cabrera: I would be interested in seeing the study to show the increase in that revenue versus the increase in expense...hiring employees and operating costs and things of that nature.

Mr. Nelson: I have that.

Mayor Slesnick: But to do that projection you would need to take out the ten parking spaces on Giralda.

Mr. Nelson: I have to redo my numbers, but I have the numbers for the extended on-street hours from going ten to midnight, including Sundays, it would increase our revenue by \$295,00.00. On the expense side, we would need to increase our staff time and that translates to \$45,000.00 increase in cost to do that for those additional hours.

Commissioner Cabrera: So the net is something like \$240,000.00, then?

Mr. Nelson: Actually, \$250,000.00

Commissioner Cabrera: So a quarter of a million dollars?

Mr. Nelson: Yes, by just doing that, which is a significant addition to our budget, that's very much needed.

Mayor Slesnick: One of the things that I think everybody should understand, because everybody is not looking at the full booklet that we have, is that if in fact this Commission considers the budget based on a 6.072 grade?

Mr. Nelson: 6.072

Mayor Slesnick: Correct me if I am wrong, but that requires us to give our General Employees and Non-Represented Employees four day furloughs.

Commissioner Cabrera: Right, and that also kills the Christmas Park. There is a draw to the emotional strings of the politicians.

Mayor Slesnick: That is true they do, but I can understand and everyone should feel that before we give up a person that works for the City we would give up the Christmas Park, but I don't want to give up the Christmas Park.

Commissioner Cabrera: We gave up the Fourth of July and people are still angry with us about that.

Mayor Slesnick: Yes and that hurts, but before we give up one garbage day, we need

to give up those kinds of things, even though they create community and create good feelings for everyone, and they do create a feeling of belonging to our community, and therefore I hate to give those up, of course giving the employees four days unpaid furlough is something I don't care to do, which is why I tend to support raising the revenue necessary to not to have to do some of those things. In the end though, like the rest of you, I have no fully final preconceived notions.

Commissioner Cabrera: I would feel more comfortable saving one full-time employee and giving up the Christmas Park in the process.

Mayor Slesnick: You could save two full-time employees

Commissioner Cabrera: Listen I would also, I would support, and I don't think I'm going to get any support at all, I would support the freezing of all these Assistant Directors. You can justify it until the "flamingos come home," but the bottom line is that we are facing some very very difficult budget challenges. And we are creating a much heavier organization at the top. You can justify it again and you can make all the comments you want and repeat yourself seven times, I can justify it.

Mayor Slesnick: Are you directing that at me?

Commissioner Cabrera: I am directing that to whoever would justify it

Mayor Slesnick: It's a general you?

Commissioner Cabrera: General...You are hiring Assistant Directors in Parks and Recreation, Parking, Economic Sustainability, and now you're going to have an Assistant Director in Historic Preservation. I mean, you're creating all these senior positions, at a time when we're struggling make to this thing work. It is a very unfortunate situation and maybe the word creating is the wrong word, maybe you're just placing those positions.

Commissioner Withers: Those positions are already in the budget.

Commissioner Cabrera: Oh and I understand, that's why I corrected it, because God forbid, I should use the wrong word. So, as a business person for twenty something years, I see no logic behind this kind of ridiculous approach to creating an organization that's top heavy, it makes no sense what so ever, but it's going to pass and you all are

going to do it, and so be it. I might as well say it while the cameras are off rather than when the cameras come back on, and I do not want to embarrass any of my colleagues.

Commissioner Withers: Well, it doesn't embarrass me and I appreciate your concern. I think it's the right thing to do...if I feel that we need to raise revenues, then we raise revenues, it's not embarrassing. I think in the past couple of years, this City has weathered the storm the best that I've seen in cities around the area, and I mean that. I haven't seen a significant drop off in services, I haven't seen people calling me saying my garbage hasn't been picked up, so I think we've done fairly well with what we have.

Commissioner Cabrera: I agree with you. The embarrassment is not about raising revenues, the embarrassment is about creating a top heavy organization.

Commissioner Withers: Those positions have always been in the budget, in the City's organization.

Commissioner Cabrera: I understand. Not all of them. Some of them, not all of them, some of them, come on.

Commissioner Withers: I know we've always had an Assistant Youth Center, have we not?

Commissioner Cabrera: We've had it and we've done away with it and brought it back. I don't recall having an Assistant Human Resources Director.

Commissioner Withers: My feeling is, at least what I see in the general business sector, is that America is moving away from a lot of rank and file Indians, and they are building companies that have more chiefs, that they are and going out there eliminating the Indian jobs, and third party outsource. People are saying we don't need the fifteen and twenty draftsmen in the office, we need one person that oversees the drafts and we will go out and third parties hire fifteen other people.

Commissioner Cabrera: I got it. You don't need an Assistant Director to do that also.

Commissioner Withers: It depends on what you're doing. I think the model is flipping both ways. I'm just saying I've seen that happen in my business.

Commissioner Cabrera: But the irony here is, and I'll be very specific, the Development Department, you are looking at an Assistant Director position that hasn't been filled yet, but you're eliminating a person in that department today as we look at the budget today. It makes no sense, it doesn't jive, but that's OK.

Commissioner Withers: Maybe on the surface it doesn't jive, maybe there is an explanation behind it.

Commissioner Cabrera: Oh, there will always be an explanation. You will always get an explanation.

Commissioner Withers: I am curious to know what the explanation is. You have now peaked my interest.

City Manager Salerno: We have ten million dollar operation, among all of our development operations, and putting one person over that operation, it's like saying we don't need an Assistant Police Chief or why do we have an Assistant Fire Chief, we can cut back there? The bottom line is that if you read the Duyos Report, it says that there are several major lacking functions from a management perspective that are being performed, and we are spending ten million dollars in that area and there is not enough management going on. That's what the Duyos Report says in two sentences, basically. So I would read that report, and I think it's very clear when it says that there is no management oversight basically in that department, and there is no training going on, and no working to get management information reports that can help them manage their operations going on, so we need more management, and that's what we need to do in a couple of areas, so we are re-tooling the organization, so that we can in the long run we can make ourselves more effective and more responsible organization, but I think the answer in that particular case is quite evident in the report.

Commissioner Cabrera: I just think that instead of more Managers we need more good Managers, we don't need more Managers, we just need good people leading, that's all we need, and for whatever reason we have had some bad folks that have gotten us into a world of trouble, from lawsuits stand point, and luckily for us we have gotten passed those people, we just need to hire the right folks to lead on, but whatever, I know how this is going to work...this is a done deal, the "goose is cooked"...let's just get out of here, we have been here since nine this morning. The "goose is cooked" (laughs).

Mayor Slesnick: Alright any other questions...Don or the Mr. Manager? Mr. Manager, I take it you will be open for rounds of briefings for each individual Commission member as they see fit and go through this...and have Don available to explain the various things.

City Manager Salerno: Absolutely, I can do it as well, I know the budget, and we have been pretty much committed to this for a while now.

Mayor Slesnick: Two other general comments, that I think should be said somewhere on the record...one is that this year for the very first time we faced the TRIM application, therefore our budget process was thrown into a disarray at the very last second, well not total disarray, because all of a sudden we were adding pieces to the formula that had never been added before, so the list that you see in the newspaper about Miami Beach went down 13 percent, Coral Gables went down 7 percent, and County went down 13 percent etc., just didn't reflect the entire formula; and the formula was more devastating than that one figure that was repeated in the newspaper, so that sent us back to the drawing board, well sent the Manager back to the drawing board. I do want to also remind people that if they make a study of what we're doing with the budget, and I hope the Herald repeats this, that again it is not lost upon any of the employees of this organization as to the reality of the times, and besides giving up jobs, employees have started to contribute more to their pension plans when they hadn't, since the late 80's, they have frozen their wages for a period of two years now, they have frozen steps reduced steps and frozen various other things, so I don't want anyone thinking that we are not looking at this from all sides. Everyone is doing their part, whether or not we figure out exactly what their part is in this discussion, but everyone is contributing to the solution, and I thank everyone for doing that. Liz, do you have a sample resolution?

City Attorney Hernandez: I do not have a sample resolution.

Mayor Slesnick: Well, we need a resolution to set a millage rate, that will be the published millage rate....I have one from the City Clerk, thank you Mr. City Clerk. Again, let me stress that what we are doing is that we are setting a proposed millage rate, and this is a millage rate that will be discussed over the next two months, and will be voted on or a lower figure.

Commissioner Withers: I'll move it Mr. Mayor

Commissioner Anderson: I'll second it.

Commissioner Withers: 6.072?

Commissioner Anderson: 6.1?

Commissioner Withers: I mean I'll go to 6.189, but we won't get the votes to do it.

Mayor Slesnick: I think we need to talk about it.

Commissioner Cabrera: I'll move to 6.189.

Commissioner Anderson and Mayor Slesnick: You can only go down.

Mayor Slesnick: Let me say this too, and I don't want to make this sound like it's a light hearted decision, but if we publish anything less than the roll back rate, and let me repeat this again, the roll back rate is only projected to bring in the same number of dollars, no expansion, the same number of dollars that we brought in last year, but in this case because of the formula, we don't even do that. The roll back rate will not bring in the same number of dollars, it will fall short of last years dollars.

Don Nelson: That's correct Mayor, in fact we would lose by doing the roll back rate \$872,000.00 below what we collected this year.

Mayor Slesnick: I want that on the record. I want everybody, whether they support it or not in the end, even going to the roll back rate produces fewer dollars for the City to operate on than before, and by publishing the roll back rate, which is supposedly a flat rate, right?

Don Nelson: No increase.

Mayor Slesnick:...wouldn't produce any more dollars. In this case, we have at least this to discuss and down from there. Is that your motion?

Commissioner Withers: Yes that is my motion.

Commissioner Anderson: I'll second that.

City Attorney Hernandez: OK what is his motion again?

Mayor Slesnick: His motion is a resolution of the City Commission setting a prospered millage rate of 6.189 mills to the City of Coral Gables, FL, Fiscal Year 2010-2011, during the City Manager's Workshop of July 13, 2010, proposed operating millage rate to be adopted for preliminary disclosure to the Miami-Dade County Property Appraiser's for Fiscal Year 2010-2011. It goes on to give the details of such resolution. Then it goes on to say, now therefore be it resolved by the City Commission of the City of Coral Gables that the following operation millage rate of 6.189 mills for the fiscal year commencing October 2010, and ending September 30, 2011, is hereby agreed upon and adopted, along with supporting data relating thereto on file with the Finance Department of the City of Coral Gables, as the proposed operating millage rate for the city of Coral Gables. That this resolution should become effective immediately upon the date of its passage and adoption. Mr. Withers has moved it and Ms. Anderson seconded it. Do you have any further discussion?

Commissioner Cabrera: What are we voting on?

Mayor Slesnick: 6.189

City Clerk: (Roll Call)

Commissioner Anderson: Yes,

Commissioner Cabrera: No,

Vice Mayor Kerdyk: No,

Commissioner Withers: No

Mayor Slesnick: Oh come on Chip.

Commissioner Withers: That was the whole reason why I didn't go to 6.189 in the first place.

City Attorney Hernandez: This is for the purpose of advertising, the tough decision will be later.

Commissioner Withers: So we can advertise the 6.189?

Commissioner Anderson: Yes

City Attorney: Yes, we just need the majority vote.

Mr. Nelson: Let me go through it.

Commissioner Withers: Well, then absolutely yes, and I apologize to the Commission. I misunderstood Don's comments.

Mayor Slesnick: Call Commissioner Withers.

City Clerk: Commissioner Withers: Yes.

Mayor Slesnick: Yes.

Mayor Slesnick: OK, we have adopted a proposed millage rate of 6.189, which is a roll back, no increase rate, we will publish that, and it will be a starting point of discussion for us at our budget deliberations. Mr. Manager and Mr. Finance Director, thank you.

Commissioner Anderson: Thank you.

Mayor Slesnick: You have heard a short, over an hour discussion of what took this management team about six months of work, or ongoing.

City Manager Salerno: Thank you Mr. Mayor.

Meeting adjourned.

ADJOURNMENT

[Note for the Record: There being no further business on the Budget Workshop. The Commission of the City of Coral Gables adjourned its workshop at 3:05 pm on July 13, 2010. The next regular meeting of the City Commission has been scheduled for August 24, 2010, beginning 9 a.m.]

DONALD D. SLESNICK
MAYOR

ATTEST:

WALTER J. FOEMAN
CITY CLERK